

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOINT APPLICATION OF SHALLOW CREEK)	
SANITATION CORP. FOR AUTHORITY TO)	
TRANSFER THE ASSETS OF SHALLOW)	
CREEK SEWER SYSTEM AND SHALLOW)	
CREEK UTILITIES, INC. FOR AUTHORITY)	CASE NO. 9363
TO ACQUIRE AND OPERATE THESE ASSETS)	
IN JEFFERSON COUNTY, KY.: FOR SHALLOW)	
CREEK UTILITIES, INC. TO BORROW THE)	
NECESSARY FUNDS TO FINANCE THE PUR-)	
CHASE OF THE SEWER SYSTEM)	

O R D E R

On July 31, 1985, the Commission issued an Order requiring Shallow Creek Sanitation Corp. ("Shallow Sanitation") and Shallow Creek Utilities ("Shallow Utilities") to provide information necessary for the Commission to make its determination in this proceeding. Shallow Creek and Shallow Utilities did not provide adequate responses to the following requests for information.

IT IS ORDERED that Shallow Sanitation and Shallow Utilities shall file an original and seven copies of the following information with this Commission, with a copy to all parties of record, within 10 days of the date of this Order. Shallow Sanitation and Shallow Utilities shall be jointly responsible for the responses to this Order. All responses should be in sufficient detail as to provide the information requested. If the requested information is not filed by the stated date, the case will be dismissed without prejudice.

1. With reference to Exhibit A, Assets Purchase Agreement, page 2, it states therein that the purchase price shall be \$50,000. With reference to the 1984 Annual Report, page 2, line 7, the 1984 end-of-year net utility plant balance is \$333,549 and page 3, line 49, Contributions in Aid of Construction balance is \$330,571. Provide the details regarding the benefits of the transfer in excess of book cost less contributions. Also, provide a statement as to the proposed rate-making treatment of the plant acquisition adjustment to be recorded as a result of this transfer in excess of book value.

2. Provide accounting entries to record the appropriate acquisition adjustment based upon purchase price and the balance sheet referred to in Question #5.

3. Provide a statement in detail explaining how the purchase price was determined.

4. Provide the proposed journal entries on the books of both the purchaser and the seller that will reflect the sale and transfer.

5. Provide a current balance sheet for the acquired utility.

6. Provide a statement setting forth any financial resources available to the purchaser other than those contained in the financial statements.

Done at Frankfort, Kentucky, this 17th day of October, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Demaree
For the Commission

ATTEST:

Secretary